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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #07123-84
24 December 1984

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: East Asia Warning and Forecast Meeting

1. Representatives of the Intelligence Community met on 19 December 1984 to consider the attached subjects.

2. Next month's Warning and Forecast Meeting will be held on 23 January 1985 at 1400 hours in Room 7E62, CIA Headquarters. Recommendations for discussions/warning topics will be forwarded to the NIO/East Asia by COB 8 January 1985. I would advise those attending from outside agencies to arrive early to avoid parking problems created by construction work. For your convenience, please enter the compound thorough Gate 1, the Route 123 Entrance. Please phone attendance intentions to [redacted] and have your clearances verified to us by your security officer by C.O.B. 14 January 1985.

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Attachment:
19 December 1984 Warning Meeting

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19 December 1984 Warning Meeting

US/Japan Relations - Issues for the Nakasone Visit

While the overall tone of US/Japan relations is good and progress is being made on a number of trade related and defense issues, the prospects for significant gains from the Reagan-Nakasone visit are dim. This reflects both a growing Japanese reluctance to be pressured on trade issues and the inability of Japanese leadership to move the Japanese system with its structural trade barriers at more than a snail's pace. Accordingly, Prime Minister Nakasone will take a positive line concerning improved trade relations, while citing a number of constraints, all of which are valid, on his ability and the ability of the Government of Japan to make rapid and significant changes in US market access and the quantity of foreign manufactures imported into Japan.

Forecast

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Concerning Defense

We expect Nakasone to raise arms control in part to deflect the talks away from the trade issue but also for his own political agenda. Nakasone is sincerely sensitive to arms control issues but because of his past hawkish reputation, he feels he must to appear in the forefront of the arms control movement. Additionally, he believes that progress in arms control will be accompanied by a thaw in US/USSR relations which will spill over to USSR-Japan relations.

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PRC and Taiwan Expectations for Relations with the U.S. During the Second Reagan Administration

A recent interagency conference, with policy and academic participation, on this subject was sponsored by OEA. The following comments reflect the results of that conference.

The PRC wants increased US aid for its defense and economic modernization programs. Access to US technology and capital are necessary for both. Accordingly, for the next four years, or as long as current smooth US-PRC relations continue, reunification with Taiwan will not rank as high on the PRC agenda. While Beijing has not dropped this objective, it believes it cannot press the US for technology and capital assistance while simultaneously taking a hard line on Taiwan.

The US/China relationship has grown beyond the point where individual economic issue or technological transfer requests constitute a Litmus test for US sincerity. China recognizes that there will be negative responses to requests; however, so long as the overall tone of the relationship continues in a positive manner, Beijing will be satisfied.

Taiwan, on the other hand, wants more direct US assistance coupled with less aid to Beijing. Taiwan did not achieve the progress it had hoped to during the first four years of the Reagan Administration. Accordingly, during the second four years, it will work harder to set precedents that will last beyond 1988. Taiwan also will attempt to lock into concrete existing arrangements it finds beneficial. There will be a full-court press on these points by Taiwan.

Several former Administration officials now in academia were outspoken in their concern about the current high level of arms sales to the PRC. They were unable to see what benefits the US would gain. They pointed out several undesirable downstream fallouts such as raised security concerns among other Asian countries faced with an increasingly militarily strong China.

Forecast

During the next four years US/Beijing relations will become less confrontational and the US will not be under as great a pressure to grant Chinese requests. The maturing of the relationship will make dealing on a wide variety of strategic and economic issues easier. Simultaneously, dealings with Taiwan will become more difficult because Taiwan will view the improvements between Washington and Beijing as counter to its interests. Accordingly, Taipei will increase its efforts to achieve the gains believed necessary.



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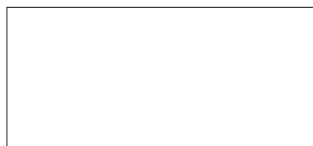
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Impact of MIG-23 Deliveries to Vietnam

It was agreed by the participants in the Warning Meeting that arrival of Soviet MIG-23's in Vietnam would not significantly increase the threat to ASEAN countries, nevertheless, it will play a part in their decisions concerning purchases of combat aircraft. The arrival of MIG 23s will tend to bolster the position of those elements Indonesia, Thailand, Malaysia, and Singapore advocating the F-16 over what they believe is a less capable F-20. While we doubt that these arguments will carry much weight, pressure for the F-16 over the F-20 will mount and may be accompanied by pressure for more rapid delivery of whichever aircraft is selected. PRC is not expected to react specifically to the delivery of these aircraft.

Forecast

Delivery of the MIG-23s to the Soviet Base in Cam Rahn is expected to be viewed by China as well as the ASEAN countries as primarily a US problem. While it may provide fuel for discussions concerning their own weapons procurement program, we doubt that it will have a significant impact.



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